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Turkey

Grain and Feed

New Taxes Rates for DDGS 2008

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Report Highlights:

New value added tax rates were announced for DDGS in Turkey's Official Gazette on September 20, 2008.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Ankara [TU1]
[TU]

The Turkish Government changed the value added tax (VAT) on DDGS and related products from 8% to 18%. This was in reaction to complaints from domestic producers that they needed protection from imports, which increased substantially in 2007. Because the tariff is already at the bound rate, this was one way to increase the fees without increasing the tariff. In Turkey, the VAT for most food and other essential items is 8%, while the VAT for luxury items is generally 18%.

Promulgated by a Council of Ministers Decree, published in the Official Gazette on September 20, 2008, increased rates are effective immediately.

Please see below table for old and new VAT duty rates:

VAT rate increase for DDGS and related products Official Gazette September 20, 2008			
HS Code	Commodity	New VAT Rate (%)	Old VAT Rate (%)
2303.10	Residues of starch manufacture and similar residues	18	8
2303.30	Brewing or distilling dregs and waste	18	8

Recent growth in exports of residues of starch and brewing waste from the United States to Turkey are reflected in the chart below.

U.S. Exports of Brewing Waste and Residues of Starch to Turkey

Commodity	Jan-Dec (\$1000)					Jan-July Comparison (\$1000)		
	2003	2004	2005	2006	2007	2007	2008	% Change
Brewing Waste (HS 230330)	0	0	21	40	19,350	0	60,521	--
Residues of Starch (HS 230310)	0	2,106	16,245	26,308	74,573	37,933	99,567	162.48
Total	0	2,106	16,266	26,348	93,924	37,933	160,087	--

Data Source: Department of Commerce, U.S. Census Bureau, Foreign Trade Statistics